

Exhibit 17

Corporate Compliance

Quarterly Report to

Board of Directors

2Q09

August 26, 2009

Bert Weinstein

Vice President, Corporate Compliance

Agenda

- Purdue's CIA
 - Update on OIG Communications
 - Investigations
 - IRO Reviews
 - Monitoring
- State Law Reporting
- Federal Physician Payments Sunshine Act
- Hotline Calls and Other Inquiries



OIG Communications

Communications with Purdue's OIG Monitor Keshia Thompson in 2Q concerned three substantive and four less significant matters:

- Promotion Monitoring Program Investigation** - After our initial March notice to OIG of DM performance issues, our June 18th letter* laid out the facts and corrective actions taken with respect to three DMs terminated for performance reasons, and also with respect to a shortfall in the required number of days of representative field observation by DMs during CIA year 1
 - DMs terminated were from Spokane, South Carolina, and Kansas City
 - 23 of the 41 day shortfall was attributable to these DMs
 - New IT Systems, training, and Sales and Compliance monitoring are now in place to prevent a recurrence of this situation
 - All requirements were fully met for CIA year 2, ended 7/30/09

We have not heard back from OIG since our June 18th letter

*Please advise if would like copies of this letter.



Afterword: Promotion Monitoring Investigation

For a more complete picture of CIA year 1 Promotion Monitoring Program investigation and corrective actions, discussed on page 3 above, please note these statistics for the entire sales force for CIA year 1:

- 23 Sales representatives fell short of the CIA requirement 7%
- 38 representatives met the CIA requirement (5 days) 12%
- 162 representatives had 1-4 days in excess of requirements 52%
- 87 representatives had 5-10+ days in excess of requirements, or over twice the minimum 29%



OIG Communications

2. OxyContin Savings Card Investigation

There have been three substantive letters, plus emails and calls since March, concerning our discovery and investigation of representative call notes containing references to savings cards and federal healthcare programs. Use of the savings cards with such programs is unlawful, and explicitly prohibited by the terms of the cards themselves. Our May 26th letter* fully explains the matter. Our most recent communication consisted of a letter from counsel dated August 4th* concerning administrative details of the card program . We have heard nothing further since that date.

3. OxyContin Reportable Event - Visual Aid

Further to our 2008 disclosure of a Reportable Event, OIG Monitor sought and on April 20th* was provided copies of a field bulletin requiring destruction of this visual aid and the letter mailed to certain prescribers. Nothing further has been heard since that date.

*Please advise if would like to see copies of these letters



OIG Communications

In addition:

- In May, OIG confirmed that Ryzolt be included as a “Covered Product” for the 3rd Year of the CIA, in addition to OxyContin. This designation has no impact on marketing or sale of these products, and primarily relates to the annual review conducted by our CIA-mandated Internal Review
- We informed OIG of the recall of certain Senna-containing products
- We informed OIG of a communication with FDA concerning a cooperative test of bottle tracking technology with law enforcement
- By May 6th letter, OIG confirmed Purdue’s compliance with the requirements of our CIA during the first year, based on their review of our Annual Report and other materials. This OIG letter pre-dates our June 18th notification to OIG of the 41 day shortfall in observations during year 1, and therefore is subject to change.



Huron's CIA Systems Reviews

As you recall, during CIA year 2 (7/03/08-7/31/09), IRO Huron is to perform 9 Systems Reviews. These 9 reviews have been completed, drafts issued, discussed with Huron, and changes suggested by Purdue:

- *Provision of Off-Label information about Purdue products*
- *Promotional Monitoring Program*
- *Sales Force Responses to Questions about Off-Label Uses*
- *Interactions of Sales Force, Medical Liaisons, Medical Services*
- *Material Review*
- *Sales Force Use of Materials*
- *Non-Promotional Educational/Informational Sponsorships*
- *Disciplinary Actions*
- *Employee Compensation*

The reports are detailed and extensively describe these 9 systems. No major findings are noted, and many good observations were made for improvements - especially for a new electronic material review system. Purdue's management response will be provided as part of the OIG Annual Report.



Huron's CIA Transaction Reviews

During each year of our CIA, Huron is to perform two Transaction Reviews, as done last August:

- Focus Inquiry Monitoring (these are requests of HCPs to Medical Services concerning abuse, withdrawal, etc.)
- Promotion Monitoring Program (these are DM Field Contact Reports including observations of representatives)
- Huron completed their field work and sampling in Stamford during the week of August 17th

All IRO reviews will be completed and issued by end-August, with Purdue opportunity to review and discuss final drafts in advance of submission to OIG as part of our Second Annual Report, due September 28, 2009.



Board Compliance Training

The Board completed required compliance training for CIA year 2 (ended 7/30/09)

Q: Several Board members asked about the requirement for Code and Healthcare Law Compliance training each year. These training materials were provided to the Board in hardcopy this June, as was done last year

A: All “Covered Persons” under our CIA -- employees, officers, contractors, agents, Board members, etc. -- must complete compliance training each year. Employees receive 4 hours of annual training modules to satisfy this CIA requirement. For the Board’s convenience, we provide annual training materials in hardcopy, and with the requisite -but abbreviated- content



CIA- Sales Promotion Monitoring – 2Q09

CIA requires Corporate Compliance reviews of Field Contact Reports (FCR) with a compliance category rating of “1,” indicating less than 100% compliance with Sales SOPs

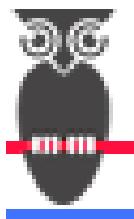
- 636 FCRs were prepared for 2Q09
 - 50 FCRs had a Compliance Rating of “1”
 - 35 of the FCRs required more complete Compliance review
 - Out of these 35, the following warranted discipline :
 - 1 representative purchased sample bins (for Purdue samples) for a HCP’s office, considered an improper gift under the PhRMA Code
 - 1 representative failed to correct a HCP’s comment that Ryzolt “could not be abused”



CIA Medical Services Monitoring – 2Q09

Our CIA requires review of HCP inquiries to Medical Services involving possible sales representative off-label or other improper promotion

- During 2Q09 there were a total of 7511 Inquiries received by Medical Services concerning all products
 - 837 of these inquiries concerned OxyContin, the Covered Product during CIA year 2
 - 34 of the OxyContin inquiries required review under our CIA because they fell into specified categories
 - None of these OxyContin inquiries were “suspicious” under the CIA; suspicious inquiries require thorough investigation to determine if there was improper promotion



State Law Reporting

NEV Pharmaceutical manufacturers to provide the Board of Pharmacy an explanation of changes to their compliance program in the previous year, as well as a company certification that it had conducted an annual audit of its compliance program and was in fact in compliance with the PhRMA code of conduct, timely completed (6/1)

CAL Extensive details and certificate of compliance program to be posted on internet site -required annual internet update (7/1)

ME Requires report of advertising, marketing, and aggregate costs of employees and contractors during prior year (7/1)

DC Requires annual report of costs of advertising, marketing, including costs of employees and contractors (7/1/09). Also requires continuous monitoring of field force to identify individuals required to be registered as “pharmaceutical detailers” under DC law



State Law Reporting

VT

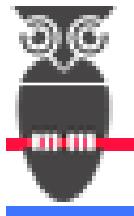
Implemented a new “No Gifts” law effective 7/1/09 – Purdue instituted policies to ensure compliance

MASS

Implemented new law and regulations requiring adherence to Marketing Code of Conduct and Payment Reporting Law – effective 7/1/09

The new law requires pharmaceutical manufacturers to institute a compliance code of conduct and certify compliance with the code. Corporate Compliance timely submitted its certification (7/1/09). Effective 7/1/09, the new law requires all meals, including those hosted by home office personnel, to be in the HCPs office or in hospital and accompanied by an informational presentation.

Massachusetts' law also applies to Board members of pharma companies. Board members should contact Bert Weinstein prior to scheduling meals with any Massachusetts-licensed HCPs.



Federal Physician Payments Sunshine Act

- Federal legislation that will require pharma reporting of aggregate spend nation-wide, on public website
 - Two versions pending – Senate S.301 and House H.R. 3200 - part of health care reform
 - Senate version limited to physician spend; House version includes very broad reporting group
 - \$5 House/ \$100 Senate threshold for reporting gifts, food, entertainment, travel, honoraria, research funding/grants, education/conference funding, consulting fees, ownership or investment interests, educational literature, and samples
- Weak pre-emption provisions will not block more onerous state reporting
- Purdue is beginning to scope out project and resources needed to comply



Hotline Calls and Other Inquiries 2Q09



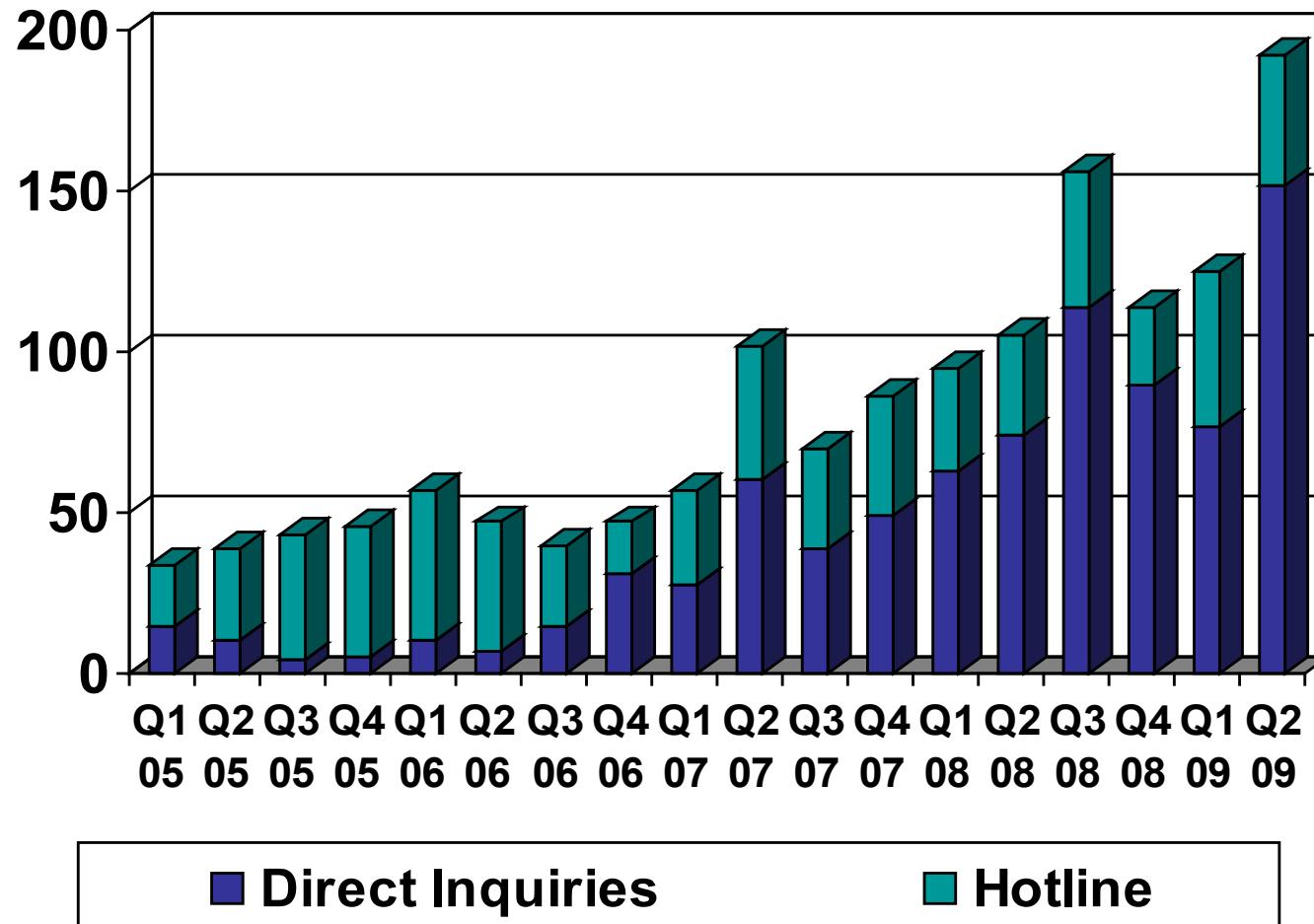
Hotline and Other Inquiries 2Q09

Compliance investigated 192 matters in 2Q09, including:

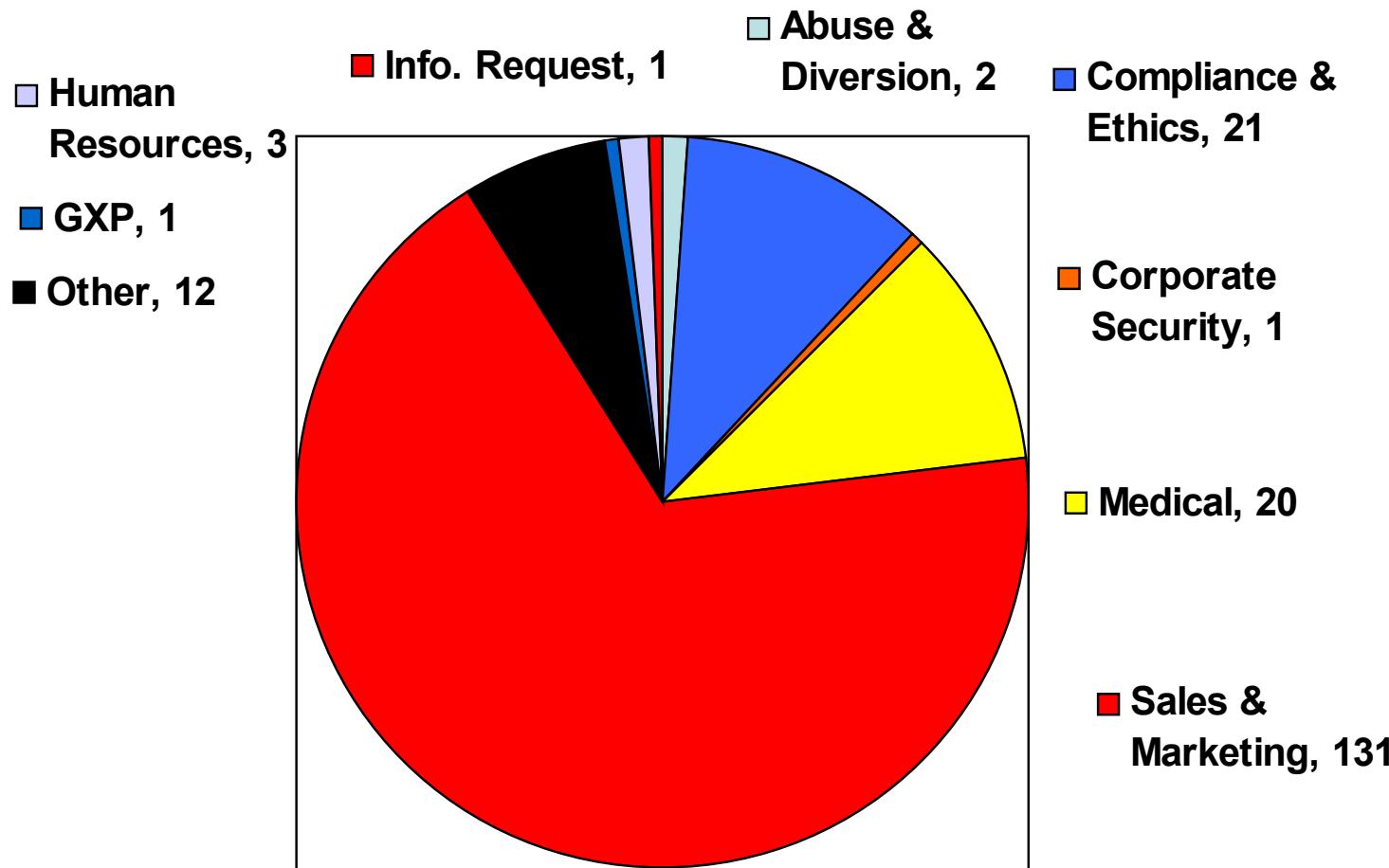
- 42 matters arose from DM “trunk checks” of all representatives directed by Exec. Dir., Sales Force to look for discontinued materials; discipline letters issued
- 41 reviews of Institutional Policies prior to sales calls
- 38 matters related to Sales department inquiries seeking promotional guidance
- 20 miscellaneous inquiries from patients – medical requests, financial assistance, product complaints, AEs, help finding a prescriber or pharmacy



Inquiries by Quarter (1Q05 – 2Q09)



2Q09 Compliance Inquiries



Inquiry Response Time

Days to Close Inquiries 2Q09 (as of 8/3/09)

